

DRAKE RESOURCES LIMITED
ACN 108 560 069

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of 10 Shares for every 32 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.002 per Share to raise up to \$447,992 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is fully underwritten by 708 Capital Pty Ltd (ACN 142 319 202) (**Underwriter**). Refer to Section 8.4 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

TABLE OF CONTENTS

1.	CORPORATE DIRECTORY.....	1
2.	TIMETABLE.....	2
3.	IMPORTANT NOTES.....	3
4.	DETAILS OF THE OFFER.....	4
5.	PURPOSE AND EFFECT OF THE OFFER.....	9
6.	RIGHTS AND LIABILITIES ATTACHING TO SHARES	13
7.	RISK FACTORS	16
8.	ADDITIONAL INFORMATION	22
9.	DIRECTORS' AUTHORISATION	33
10.	GLOSSARY.....	34

1. CORPORATE DIRECTORY

Directors

Mr Brett Fraser
Non-Executive Chairman

Dr Robert Beeson
Non-Executive Director

Mr Jay Stephenson
Non-Executive Director

Registered Office

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Email: info@drakeresources.com.au
Website: www.drakeresources.com.au

Company Secretary

Mr Jay Stephenson

Share Registry*

Computershare Investor Services Pty
Limited
Level 11
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PERTH WA 6000

Telephone: +61 8 9323 2000
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Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditor*

Bentleys Audit & Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
WEST PERTH WA 6005

Telephone: +61 8 9226 4500
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Underwriter

708 Capital Pty Ltd
Level 9, 25 Blight St
SYDNEY NSW 2000

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	11 March 2016
Lodgement of Prospectus & Appendix 3B with ASX	11 March 2016
Notice sent to Optionholders	11 March 2016
Notice sent to Shareholders	16 March 2016
Ex date	18 March 2016
Record Date for determining Entitlements	21 March 2016
Prospectus sent out to Shareholders & Company announces this has been completed	22 March 2016
Closing Date*	4 April 2016
Shares quoted on a deferred settlement basis	5 April 2016
ASX notified of under subscriptions	5 April 2016
Issue date/Shares entered into Shareholders' security holdings	8 April 2016
Quotation of Shares issued under the Offer*	11 April 2016

*The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 11 March 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

3.2 Consolidation

As announced to ASX on 11 March 2016, the Company proposes to undertake a consolidation of the Company's capital at a conversion ratio of not less than ten existing shares to one consolidated share, in conjunction with the Proposed Genome Acquisition.

The consolidation will be subject to the approval of Shareholders at a general meeting to be held in due course.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of 10 Shares for every 32 Shares held by Shareholders registered at the Record Date at an issue price of \$0.002 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 223,961,205 Shares will be issued pursuant to this Offer to raise up to \$447,922.

As at the date of this Prospectus the Company has 383,782,667 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Minimum subscription

There is no minimum subscription.

4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (i) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.002 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Drake Resources Limited Share Issue A/C" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm WST on the Closing Date.

4.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.6 Underwriting and Sub-Underwriting

The Offer is fully underwritten by 708 Capital Pty Ltd (**Underwriter**). Refer to Section 8.4 of this Prospectus for details of the terms of the underwriting.

The Underwriter has entered into one sub-underwriting agreement with Trinity Corporate Pty Ltd.

The Company will pay to the Underwriter an underwriting fee equal to 6% of the amount underwritten (being \$26,880).

4.7 Effect on control of the Company

Underwriter

The Underwriter presently is not a shareholder of the Company and the extent to which shares are issued pursuant to the underwriting will increase the Underwriters voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act. The Underwriter's present relevant interest and changes under several scenarios are set out in the table below

Event	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus	Nil	Nil
Completion of Entitlement Issue		
• Fully subscribed	Nil	Nil
• 75% subscribed	55,990,301	5.95%
• 50% subscribed	111,980,602	11.90%
• 25% subscribed	167,970,904	17.85%
• 0% subscribed	223,961,205	23.80%

The number of shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no shareholders will take up entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriters will reduce by a corresponding amount for the amount of entitlements under the Offer taken up by the other shareholders.

Further, the Underwriting Agreement gives the Underwriter the right to enter into sub-underwriting agreements to pass on some or all of its obligations to subscribe for the Shortfall under the Underwriting Agreement. The Underwriter has advised the Company that it has entered into a sub-underwriting agreement with Trinity Corporate Pty Ltd (**Trinity Corporate**). Accordingly, the obligation to subscribe for the Shortfall is likely to be passed on (in part) to Trinity Corporate and any other sub-underwriters engaged by the Underwriter.

Sub-underwriters

Trinity Corporate currently holds 5.005% of the issued capital of the Company. The Underwriter has advised the Company that Trinity Corporate Pty Ltd may potentially increase its voting power in the Company as a result of its sub-underwriting agreement.

The maximum potential voting power of Trinity Corporate following the completion of the Offer is set out in the following table, and is calculated on the basis that the sub-underwriter takes up all of the sub-underwritten Shares pursuant to its sub-underwriting agreement. It is noted however that the voting power of the sub-underwriter will reduce by a corresponding amount for the amount of Entitlements taken up by Shareholders. Trinity Corporate may also assign its sub-underwriting obligations with the consent of the Underwriter

Name of sub-underwriter	Current shareholding	Current voting power	Entitlement	Sub-underwritten Shares	Shareholding post Offer	Voting power post Offer
Trinity Corporate Pty Ltd	35,870,203	5.005%	11,209,439	95,000,000	142,079,642	15.10%

The Underwriter has advised that, as at the date of this Prospectus, there are no other sub-underwriters which would acquire voting power in the Company of 5% or more as a result of any sub-underwriting agreement.

Additionally, pursuant to the Underwriting Agreement, the Underwriter must ensure that no sub-underwriter will acquire voting power in the Company in excess of 19.9% as a result of sub-underwriting the Offer.

4.8 Potential Dilution

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 23.8% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	20,000,000	2.79%	6,250,000	20,000,000	2.13%
Shareholder 2	10,000,000	1.40%	3,125,000	10,000,000	1.06%
Shareholder 3	5,000,000	0.70%	1,562,500	5,000,000	0.53%
Shareholder 4	1,000,000	0.14%	312,500	1,000,000	0.11%
Total Shares on issue	716,675,857			940,637,063	

Notes:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Underwriting Agreement.

4.9 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.10 Issue of Shares

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

4.11 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

New Zealand

The Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.12 Enquiries

Any questions concerning the Offer should be directed to Mr Jay Stephenson, Company Secretary, on +61 (08) 6141 3585.

If you have any queries about your Entitlement or how to participate in the Offer, contact the Drake Resources Limited Shareholder Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia), from 8.30am to 5.00pm (EST), Monday to Friday.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

As announced on 11 March 2016, the Company has entered into a binding, conditional agreement to acquire 100% of the issued capital of Genome Limited (**Genome**) on certain terms and conditions (**Proposed Genome Acquisition**).

The purpose of the Offer is to raise up to \$447,922, some of which is intended to be allocated towards costs associated with the Proposed Genome Acquisition.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Due Diligence on potential transactions, including the Proposed Genome Acquisition	165,000	36.8
2.	Repayment of creditors	85,000	19.0
3.	Costs of maintaining existing tenements	75,000	16.7
4.	Expenses of the Offer ¹	50,000	11.2
5.	Working capital	72,922	16.3
	Total	447,922	100.0

Notes:

1. The Company announced details of the Proposed Genome Acquisition to ASX on 11 March 2016. If the Proposed Genome Acquisition does not proceed, the Company intends to apply these funds towards working capital and the review of alternative investment and divestment opportunities.
2. Refer to Section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

In the event that less than the full subscription is raised, funds will be applied firstly towards the expenses of the Offer, and then allocated proportionately between the other items.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$397,922 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 716,675,857 as at the date of this Prospectus to 940,637,063 Shares.

5.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 December 2015 and the unaudited pro-forma balance sheet as at 31 December 2015 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Note	Unaudited Dec 2015 \$	Pro Forma Dec 2015 \$
CURRENT ASSETS			
Cash and cash equivalents	1(a),2	303,290	701,282
Financial assets		234,524	234,524
Trade and other receivables		166,141	166,141
TOTAL CURRENT ASSETS		703,955	1,101,947
NON-CURRENT ASSETS			
Plant and equipment		12,225	12,225
Exploration and evaluation assets		5,509,758	5,509,758
TOTAL NON-CURRENT ASSETS		5,521,983	5,521,983
TOTAL ASSETS		6,225,938	6,623,930
CURRENT LIABILITIES			
Trade and other payables		186,075	186,075
Short-term provisions		58,322	58,322
TOTAL CURRENT LIABILITIES		244,397	244,397
TOTAL LIABILITIES		244,397	244,397
NET ASSETS		5,981,541	6,379,533
EQUITY			
Issued capital	1(a),3	25,216,447	25,614,439
Reserves		123,739	123,739
Accumulated losses		(19,358,645)	(19,358,645)
TOTAL EQUITY		5,981,541	6,379,533

Notes:**(1) Pro-forma Adjustments**

- (a) The Directors estimate that costs for the Entitlement Issue will be \$50,000 and this estimated cost has been deducted from the Entitlement Issue of \$447,992 (see also(3)(c)).

(2) Cash and cash equivalents

		\$
Cash and cash equivalents at 30 November 2015 – Actual		303,290
<i>Pro-forma adjustments</i>		
- Net proceeds from 10:32 Entitlement Issue of 223,961,206 shares at \$0.002	(3)(b)	397,992
		701,282

(3) Issued Capital

The movement in issued capital as reflected in the pro forma balance sheets at 31 December 2015 is shown below:

	Notes	Issued ordinary shares No.	Issued ordinary shares \$
Drake 31 December 2015 – Actual	(a)	716,675,857	25,216,447
Issued as part 10:32 Entitlement Issue at \$0.002	(b)	223,961,206	447,992
Transaction Costs	(c)	-	(50,000)
		940,637,063	25,614,439

- (a) **DRK Issued Capital** – As at 31 December 2015, DRK had on issue 716,675,857 fully paid ordinary shares.
- (b) **Entitlement Issue** – a 10 for 32 non-renounceable Entitlement Issue of Shares at an issue price of \$0.002, to raise approximately 447,992.
- (c) **Transaction costs** – The Directors estimate that costs for the Entitlement Issue will be \$50,000 and this estimated cost has been deducted from the capital raising of 447,992.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	716,675,857
Shares offered pursuant to the Offer	223,961,206
Total Shares on issue after completion of the Offer	940,637,063

Options

	Number
Options currently on issue:	
Quoted exercisable at \$0.03 on or before 01/08/2017	366,047,882
Unquoted exercisable at \$0.72 on or before 31/03/2016	395,000

New Options offered pursuant to the Offer	NIL
Total Options on issue after completion of the Offer	366,442,882

The capital structure on a fully diluted basis as at the date of this Prospectus would be 1,083,118,739 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 1,307,079,945 Shares.

5.5 Details of substantial holders

Based on publicly available information as at 11 March 2016 the Company is not aware of any persons having a relevant interest in 5% or more of the Shares on issue other than Trinity Corporate Pty Ltd, which holds 5.005% voting power in the Company.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

6.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

6.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

6.3 Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the

Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution.

6.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

6.5 Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

6.6 Transfer of shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

6.7 Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

6.8 Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

6.9 Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least

28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Section 249D requisition

The Company has received a request from two Shareholders having a combined interest of 8.37% in the issued capital of the Company (**Requisitioning Shareholders**) to call a general meeting to consider various resolutions relating to the removal of existing directors of the Company and the election of new directors of the Company. The request was issued under section 249D of the Corporations Act. The meeting will be held on 12 April 2016.

If all resolutions requested by the Requisitioning Shareholders are passed, the existing Board members will be removed and replaced with nominees of the Requisitioning Shareholders.

Neither the Requisitioning Shareholders nor the persons nominated for election as directors of the Company have provided the Company with any plan or strategy for the future of the Company. The Company is also not aware of the experience (if any) that the nominees have in managing an ASX listed company.

Accordingly, in the event that the Section 249D requisition is successful, there can be no assurance given that there will be no detrimental impact on the Company upon the change to the composition of the Company's Board.

Further information about the Section 249D requisition is set out in the Company's Notice of Meeting dated 4 March 2016 which has been sent to Shareholders and which is available on ASX.

(b) Going concern risk

While completing the audit of the Company's annual financial report for the year ended 31 June 2015, the Company's auditor, Bentleys Audit and Corporate (WA) Pty Ltd, noted the following:

“The ability of the Consolidated Group to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Group to continue as a going concern.”

Notwithstanding the ‘going concern’ qualification included in the annual financial report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company’s current exploration commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company. Please refer to Section 7.2(c) below for further details.

In the event that the Offer is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern, and which is likely to have a material adverse effect on the Company’s activities.

(c) **Additional requirements for capital**

The Company’s capital requirements depend on numerous factors. Depending on the Company’s ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Proposed Genome Acquisition**

As announced to ASX on 11 March 2016, the Company has entered into a binding, conditional terms sheet, for the acquisition of all of the issued capital in Genome (**Proposed Genome Acquisition**).

If the Proposed Genome Acquisition proceeds, the Company will seek to change activities from a mineral exploration company to a company specialising in human risk governance solutions. This would result in the Company being exposed to a number of new risks, including:

- (i) inability to develop and commercialise the Genome technology;
- (ii) inability to secure or protect intellectual property rights, or infringement of third party intellectual property rights;
- (iii) competition risk and inability to secure sufficient sales of the Genome services;
- (iv) economic risks – including movements in interest and inflation rates;

- (v) inability to achieve business objectives;
- (vi) regulatory risk, including political, taxation, legislative or regulatory change;
- (vii) litigation risk;
- (viii) dependence on key personnel and advisors;
- (ix) sovereign risk associated with operations in Israel;
- (x) inability to secure adequate insurance cover; and
- (xi) inability to raise sufficient funds to support ongoing activities and operations.

There is a risk that if the Company proceeds with the Proposed Genome Acquisition or any alternative acquisition, the new focus of the Company may not be consistent with the objectives of all existing Shareholders.

Any proposed change of activities will be subject to Shareholder approval, and detailed information regarding the risks applicable to the new business will be set out in a notice of meeting to be sent to Shareholders in due course.

(e) **Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 716,675,857 currently on issue to 940,637,063. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.002 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(f) **Exploration Costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(g) **Exploration Success**

The Company's tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Company's tenements, or any other licenses that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

(h) **Operations in West Africa**

A number of the Company's projects are located in West Africa and the Company is subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties. These risks and uncertainties include but are not limited to, terrorism, the risk of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits or contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from a particular jurisdiction.

Changes, if any, in mining or investment policies, or shifts in political attitude, in West Africa may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decision based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in West Africa, the Directors may reassess investment decisions and commitments to assets in West Africa.

(i) **Potential Transactions with Third Parties**

The Company has previously detailed that it is evaluating opportunities to add value for Shareholders. Any future strategic investment or acquisition may be subject to various risks depending on the nature and size of the transaction.

(j) **Sovereign Risk**

The Company's key projects are located in Guinea, Mauritania, Norway and Sweden. Possible sovereign risks associated with operating in those countries include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its securities. No assurance can be given regarding future stability in Guinea, Mauritania, Norway or Sweden or any other country in which the Company may, in the future, have an interest.

7.3 Industry specific

(a) **Title Risks**

Interests in tenements are governed by the respective legislation in the jurisdiction in which the Company's tenements are located, and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

(b) **Environmental Risks**

The operations and proposed activities of the Company are subject to the laws and regulation of all jurisdictions in which the Company is operating concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

7.4 General risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
11/03/2016	Acquisition of Cyber Security Company Genome & Rights Issue
10/03/2016	Becoming a substantial holder
09/03/2016	Trading Halt Request
09/03/2016	Trading Halt
04/03/2016	Notice of General Meeting/Proxy Form
25/02/2016	Section 249D Notice
04/02/2016	Appendix 3B
29/01/2016	Quarterly Activities Report and Quarterly Cashflow Reprt
03/12/2015	Appendix 3B and Change of Director's Interest Notice x 3
27/11/2015	Results of Annual General Meeting
25/11/2015	Appendix 3B and Cleansing Statement
25/11/2015	Placement
10/11/2015	Replacement Proxy Form
30/10/2015	Quarterly Activities and Cashflow Report
27/10/2015	Notice of Annual General Meeting/Proxy Form
07/10/2015	Appendix 4G

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.drakeresources.com.au.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.006	11 March 2016
Lowest	\$0.002	11 December 2015 – 21 December 2015; 29/12/15 – 26/02/16; and 02/03/16 – 10/03/16
Last	\$0.002	10 March 2016

8.4 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to fully underwrite the Offer for 223,961,206 Shares (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% of the value of the Underwritten Securities.

The Underwriting Agreement provides that the Underwriter will ensure that no person will acquire, through participation in sub-underwriting the Offer, a holding of Shares of, or increase their holding, to an amount in excess of 19.9% of all the Shares on issue on completion of the Offer.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **(Indices fall)**: the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 20% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or
- (b) **(Share price)**: the Shares finish trading on the ASX under the ASX code of "DRK" on any five (5) consecutive trading days with a closing price that is less than the Price;
- (c) **(Prospectus)**: the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company; or
- (d) **(Supplementary prospectus)**:
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in clause 10.2(c)(v), forms the view on reasonable grounds that a Supplementary

Prospectus should be lodged with ASIC for any of the reasons referred to in Section 719 of the Corporations Act and the Company fails to lodge a Supplementary Prospectus in such form and content and within such time as the Underwriter may reasonably require; or

- (ii) the Company lodges a Supplementary Prospectus without the prior written agreement of the Underwriter; or
- (e) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the Underwritten Securities; or
- (f) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (g) **(proceedings):** ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer or the Prospectus, or publicly foreshadows that it may do so;
- (h) **(Unable to Issue Securities):** the Company is prevented from issuing the Underwritten Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (i) **(future matters):** any statement or estimate in the Prospectus which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (j) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (k) **(No Quotation Approval):** the Company fails to lodge an Appendix 3B in relation to the Underwritten Securities with ASX within 7 days of the Lodgement Date; or
- (l) **(ASIC application):** an application is made by ASIC for an order under Section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn; or

- (m) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under Section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under Section 739 of the Corporations Act; or
- (n) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a Material Adverse Effect; or
- (o) **(Authorisation):** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter (acting reasonably); or
- (p) **(Indictable offence):** a director or senior manager of a Relevant Company is charged with an indictable offence; or
- (q) **(Termination Events):** any of the following events occurs, provided that its occurrence has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act:
 - (i) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China or any member of the European Union other than hostilities involving Libya, Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in the S&P ASX 200 Index falling by the percentage contemplated by the Underwriting Agreement;
 - (ii) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (iii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
 - (iv) **(Contravention of constitution or Act):** a material contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (v) **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company

including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;

- (vi) **(Error in Due Diligence Results):** it transpires that any of the Due Diligence Results or any part of the Verification Material was, misleading or deceptive, materially false or that there was a material omission from them;
- (vii) **(Significant change):** a "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (viii) **(Public statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Prospectus other than a statement the Company is required to make in order to comply with its disclosure obligations under the Listing Rules and/or the Corporations Act;
- (ix) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (x) **(Official Quotation qualified):** the official quotation is qualified or conditional other than as contemplated by the Underwriting Agreement;
- (xi) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of the Underwriting Agreement;
- (xii) **(Prescribed Occurrence):** a Prescribed Occurrence occurs, other than as disclosed in the Prospectus;
- (xiii) **(Suspension of debt payments):** the Company suspends payment of its debts generally;
- (xiv) **(Event of Insolvency):** an Event of Insolvency occurs in respect of a Relevant Company;
- (xv) **(Judgment against a Relevant Company):** a judgment in an amount exceeding \$100,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xvi) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company except as disclosed in the Prospectus;

- (xvii) (**Board and senior management composition**): there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Securities without the prior written consent of the Underwriter such consent not to be unreasonably withheld;
- (xviii) (**Change in shareholdings**): there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xix) (**Timetable**): there is a delay in any specified date in the Timetable which is greater than 2 Business Days;
- (xx) (**Force Majeure**): a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;
- (xxi) (**Certain resolutions passed**): a Relevant Company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxii) (**Capital Structure**): any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus excluding the issue of any Shares upon exercise of Options, such Options having been disclosed to the ASX as at the date of the Underwriting Agreement;
- (xxiii) (**Breach of Material Contracts**): any of the Contracts is terminated or substantially modified; or
- (xxiv) (**Market Conditions**): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

8.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(d) as an inducement to become, or to qualify as, a Director; or

(e) for services provided in connection with:

(i) the formation or promotion of the Company; or

(ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement	\$
Brett Fraser	22,979,199	10,012,427	7,181,000	14,362
Jay Stephenson	11,634,821	2,550,723	3,635,882	7,272
Robert Beeson	13,855,989	1,907,598	4,329,997	8,660

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements in whole or in part.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Directors prior to the first annual general meeting of the Company and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum (excluding any Options which are approved separately at a general meeting of Shareholders).

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Financial Year ended 30 June 2014	Financial Year ended 30 June 2015	Financial Year ended 30 June 2016 (proposed)
Brett Fraser	\$66,750	\$66,900	\$35,000
Jay Stephenson	\$61,288	\$61,425	\$30,000
Robert Beeson	\$104,211	\$60,225	\$30,000

Note: Fees are currently being accrued by the Directors for the current (2016) financial year to assist the Company's cash flow position. The Directors recognise the need to preserve the Company's capital and, as such, Directors remuneration will be re-evaluated in mid-2016.

8.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

708 Capital Pty Ltd will be paid an underwriting fee of approximately \$26,879.52. During the 24 months preceding lodgement of this Prospectus with the ASIC, 708 Capital Pty Ltd has not been paid any fees by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding

lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$106,265 (excluding GST and disbursements) for legal services provided to the Company.

8.7 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;

708 Capital Pty Ltd has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named. 708 Capital (including its related entities) is not a Shareholder of the Company and currently has no relevant interest in any of the Company's securities.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$50,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,320
ASX fees	3,285
Underwriting fees	26,880
Legal fees	15,000
Printing and distribution	2,515
Total	<u>50,000</u>

8.9 Electronic prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone Mr Jay Stephenson, Company Secretary, on +61 (08) 6141 3585 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.drakeresources.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.12 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Brett Fraser
Non-Executive Chairman
For and on behalf of
Drake Resources Limited

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Offer.

Application Form means an Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Drake Resources Limited (ACN 108 560 069).

Consolidated Group means the Company and its controlled entities.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Genome means Genome Limited, a company incorporated in Israel.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proposed Genome Acquisition has the meaning given in Section 5.1 of this Prospectus.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Trinity Corporate means Trinity Corporate Pty Ltd (ACN 606 989 244).

Underwriter or **708 Capital** means 708 Capital Pty Ltd (ACN 142 319 202).

WST means Western Standard Time as observed in Perth, Western Australia.